

# Special Accounts Senior Management Committee

SEMI-ANNUAL MEETING

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AUGUST 6, 2014

# Agenda

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Highlights Past 6 Months

Updating the SASMC Charter

Accessing Special Accounts for Indirect Costs

Special Account Interest and Collections Process

Upcoming Issues and Topics

Review Action Items and Next Steps

# Highlights Past 6 Months

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- ❖ SEMS implementation

- ❖ Continuing to resolve issues with special account planning screen and reports

- ❖ Updated the Special Accounts Data Monitoring Plan to include an annual review by regional Superfund Division Directors of accounts with less than \$25K available (May 2014)

- ❖ Sent to Senate and House appropriations committees report on reprioritizing and alternative uses of special account funds (May 2014)

- ❖ From FY 2015 House Report (July 2014) – Superfund Special Accounts.—The Committee is encouraged by the steps EPA has taken toward the effective, centralized management of Superfund special accounts. The Committee appreciates the information included as part of the Congressional Justification with respect to Superfund Special Accounts and requests that EPA continue to provide the information as part of the budget request.

# Highlights Past 6 Months

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- ❖ FY 2014 mid-year review of special accounts (April – May 2014)
- ❖ CLP/ESAT reimbursement from special accounts (completed April 2014)
  - ❖ \$713K reimbursed of the \$1.5M identified as possibly eligible
  - ❖ Lessons learned will be incorporated into the process for FY 2015
- ❖ Issued memo encouraging the use of special accounts for oversight costs (March 2013)
- ❖ Completed development of a standard CBOR report for accounts with no utilization activity in past 5 years (February 2014)

# Updating the SASMC Charter

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OSWER/OSRTI

*SEE ALSO "CHARTER FOR SUPERFUND SPECIAL ACCOUNTS SENIOR  
MANAGEMENT COMMITTEE, JULY 2014 - DRAFT"*

# Updating SASMC Charter

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- ❖ Charter hasn't been updated since signed in April 2009
- ❖ Charter may be reviewed and revised as appropriate every two years
- ❖ The following Assistant and Regional Administrators will need to sign a revised Charter:
  - OSWER
  - OECA
  - OCFO
  - Superfund Lead Region (Region 6)
  - Management Lead Region (Region 2)

# Proposals

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- ❖ Modify SASMC meetings from semi-annual to annual
  - ❖ Chair can convene meetings as sees necessary or based on a request by a SASMC member
  - ❖ OSRTI's staff point of contact will continue to still serve a convening and organizing role among staff contacts
- ❖ Add to roles and responsibilities that OSRTI will issue guidance and policy for special accounts on behalf of the SASMC members

# Scope of Activities

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## ❖ Will not change the following scope of activities for the SASMC:

- 1) Determine the status of special accounts (e.g., number of accounts, available balances);
- 2) Ensure the use of special account funds is generally consistent with EPA special account guidance;
- 3) Evaluate the activities being conducted by respective offices for the management of special accounts;
- 4) Ensure that regional offices carry out planned reclassifications and transfers to the Superfund Trust Fund;
- 5) Review the Special Accounts Management Strategy and prioritize (or revise) activities to implement the Workplan associated with the Strategy;
- 6) Discuss and resolve policy, procedure, or operational issues associated with the management of special accounts;
- 7) As needed, discuss ongoing responses to the OIG/GAO audits; and,
- 8) Address other topics, as needed.



# Next Steps

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- ❖ Approval by SASMC to make changes
- ❖ Finalize and route for signature before September 30, 2014
- ❖ Meet January 2015 and annually thereafter

# Accessing Special Accounts for Indirect Costs

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OCFO/OB

*SEE ALSO "ACCESSING INDIRECT COSTS FROM SPECIAL ACCOUNTS  
SUMMARY OF POTENTIAL RISKS AND BENEFITS"*

# Background and Context

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- ❑ Continue discussion from January 29 SASMC meeting on whether the Agency should access special account funds to pay for indirect costs.
- ❑ It is a change. Utilizing special account funds to pay for Agency indirect costs is not currently practiced.
  - ❑ **Exemption 5 - Deliberative Process**
- ❑ Indirect costs are typically collected as part of CERCLA settlement agreements and may be deposited in special accounts for future site-specific response work.
- ❑ Special accounts are generally used to support site-specific response costs, including payroll, contract, and grant expenditures.

# Benefits and Risks

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## BENEFITS

Exemption 5 - Deliberative Process

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## RISKS

Exemption 5 - Deliberative Process

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

# Questions for OGC consideration

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Exemption 5 - Deliberative Process

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# Next Steps

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□ Discuss consulting OGC to:

Exemption 5 - De liberative Process

[Redacted]

# Special Account Interest and Collections Process

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OCFO/OFM

# Background Information

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## ➤ Special Accounts:

- Site-specific, interest bearing sub-accounts within the Superfund Trust Fund.
- Section 122(b)(3) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) authorizes EPA to retain and use funds received in settlement to address CERCLA response actions contemplated in a settlement agreement.

## ➤ Subclass Codes<sup>1</sup> (referred to by the Agency as “Point Accounts”):

- Subclass Codes are sub-accounts within a Trust Fund used to capture data beyond the appropriation and fund level.
- Hazardous Substance Superfund Trust Fund Point Accounts:
  - General Fund Transfer (Appropriation) – 68X8145.005
  - Cost Recoveries – 68X8145.004
  - Fines & Penalties – 68X8145.003
  - Interest on Investments – 68X8145.002

1 – Description of Subclass Codes is located in the Treasury Financial Manual, Transmittal Letter No. 667, Volume 1, Part 2 – Chapter 1500, Section 1515.



# Subclass Codes & Financial Statements

U.S. Department of Treasury Financial Statements for the Hazardous Substance Superfund Trust Fund  
(Year-End FY 2013)

Period Name:2013-12		Fund:TFM8145DEXXXXX		Program:TFMA81450		
Revenue Type	USSGL	Ussgl Description	Cost Center	Cost Center Description	Activity	Ending Balance
INCOME	5800	TAX REVENUE COLLECTED - NOT OTHERWISE CLASSIFIED	TFMA58003200	CORPORATE ENVIRONMENTAL	0.00	-15,682.00
	5750	EXPENDITURE FINANCING SOURCES - TRANSFERS-IN	TFMA57502300	GF TRANSFER FROM EPA (.005)*, (.040)*	8,857,417.31	-1,087,088,201.69
	5311	INTEREST REVENUE - INVESTMENTS - NON EXCHANGE	TFMA53110010	INTEREST ON INVESTMENTS	-2,166,228.58	-23,809,529.84
	5320	PENALTIES AND FINES REVENUE - NON EXCHANGE	TFMA53200100	FINES & PENALTIES (.001), (.003)	-33,051.60	-3,477,994.67
	5900	OTHER REVENUE - EXCHANGE	TFMA59000800	COST RECOVERIES (.004)	-1,262,535.54	-31,439,628.82
		OTHER REVENUE - NON-EXCHANGE	TFMA59000800	COST RECOVERIES (.004)	0.00	-3,546,780.62
	Sum				-1,262,535.54	-34,986,399.44
Sum					5,395,601.59	-1,149,407,797.64
EXPENSES	5765	NONEXPENDITURE FINANCING SOURCES - TRANSFERS-OUT - OTHER	TFMA57651100	TRANSFER TO EPA	20,200,558.00	1,083,917,443.00
			TFMA57654300	TRANSFERS TO EPA - FY APPROPRIATIONS	2,358,491.66	21,027,056.05
			TFMA57654200	TRANSFERS TO EPA - SPECIAL INTEREST	4,363,481.21	12,641,314.33
	Sum				-13,478,585.13	1,097,585,813.38
Sum					-13,478,585.13	1,097,585,813.38
TOTAL					-8,082,983.54	-51,821,984.26

# Special Account Collections

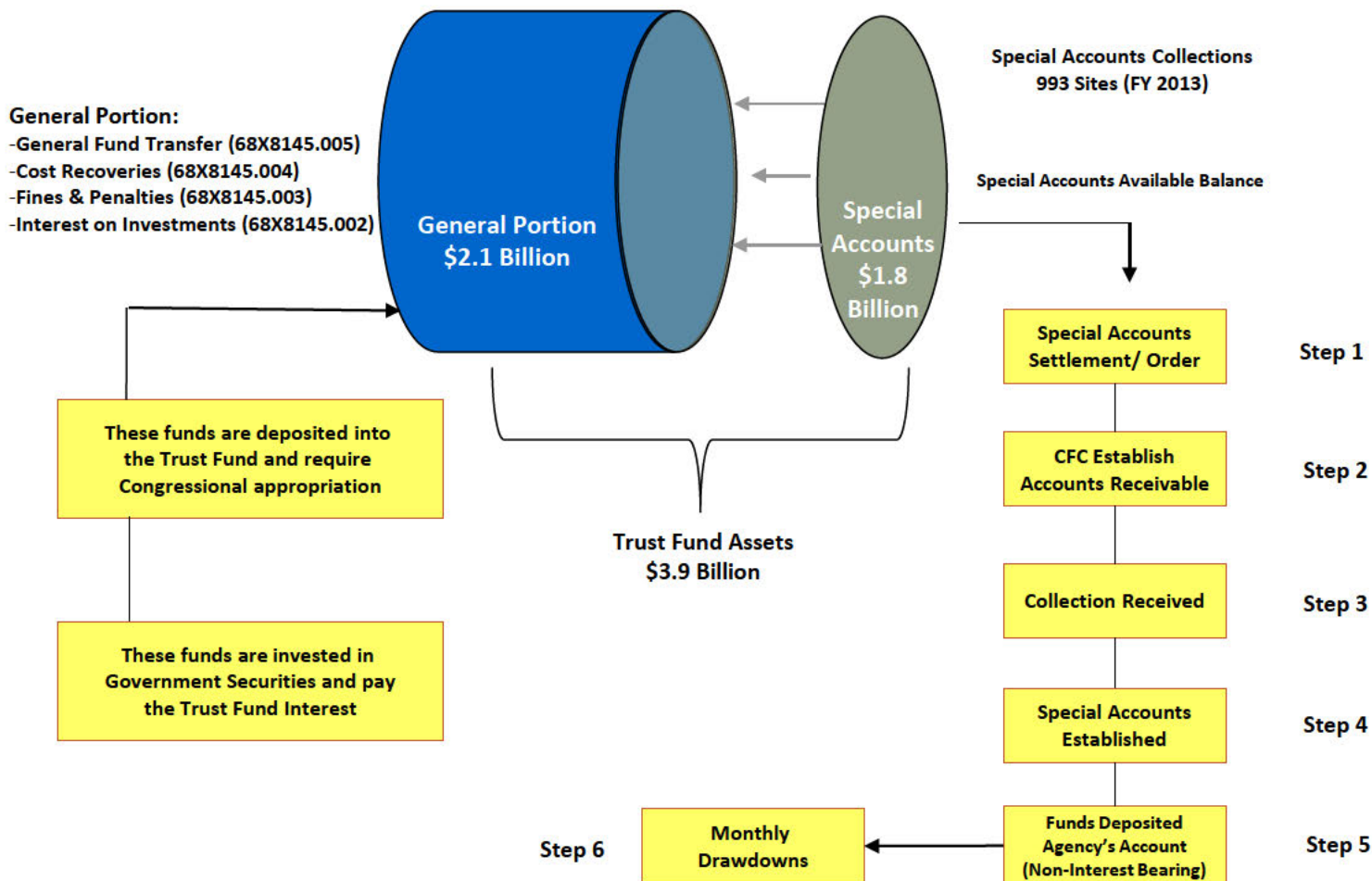
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- Inception through FY 2013 Collections and Interest Earned: \$4.5 Billion
- FY 2013 Collections and Interest Earned: \$186 Million
- FY 2014 Special Accounts Collections
  - AVX – Approximately \$352 Million
  - W.R. Grace – Approximately \$50 Million
  - Kerr-McGee – **Exemption 5 - Deliberative Process**

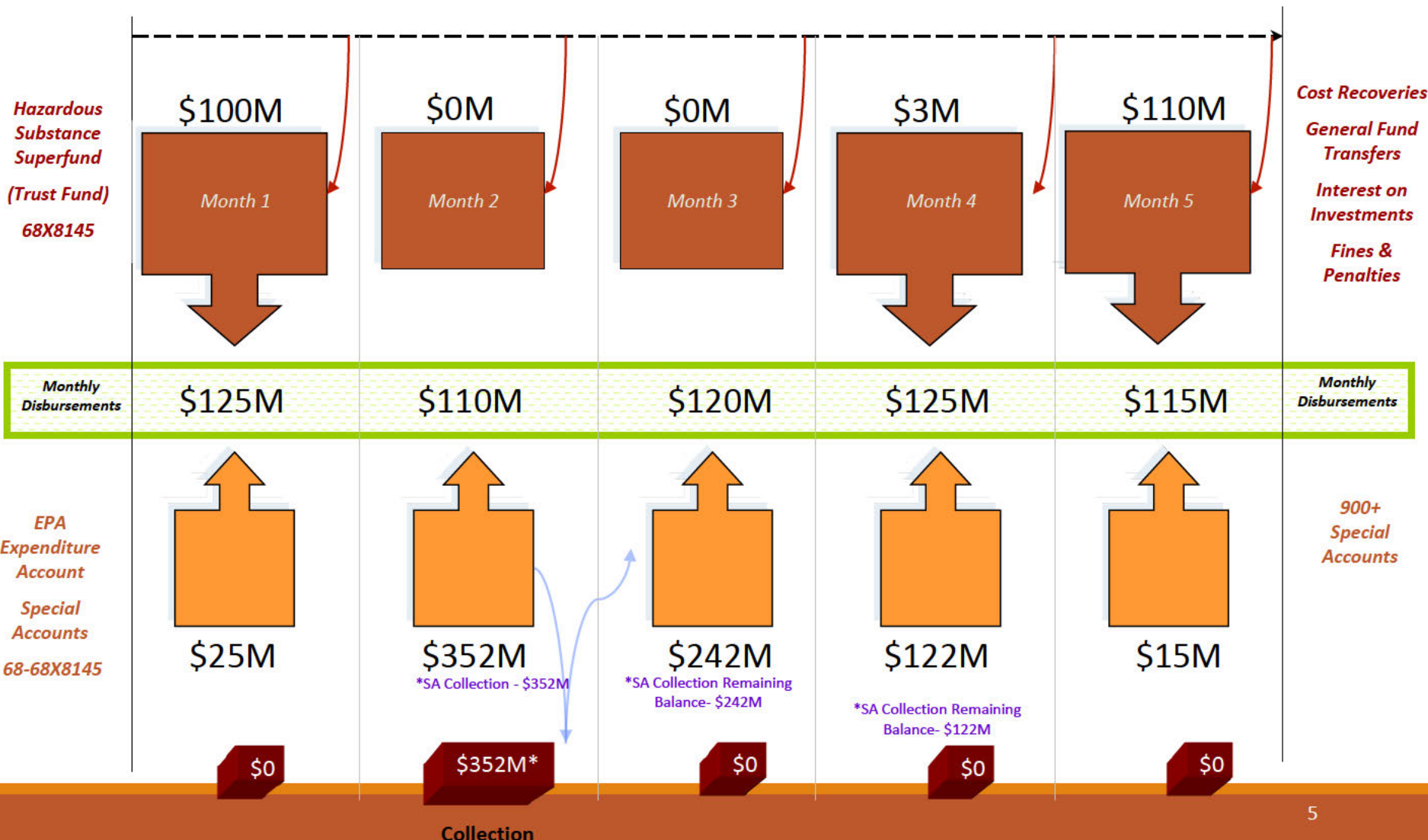
# Special Accounts Settlement Collection Process

*Treasury - BPD*

*U.S. EPA*



# Special Account Collection – Monthly Drawdown



# Impact on Trust Fund Resources

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- Settlement collections do not earn interest until placed into the special account.
- Impact occurs when the Agency receives large settlements.
- **Exemption 5 - Deliberative Process**
- **Exemption 5 - Deliberative Process**

# Next Steps

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- Determine Methodology
- Follow-Up with SASMC Members
- Brief OCFO Leaders
- Coordinate with Stakeholders
  - Bureau of Public Debt
  - OMB
- Implement Methodology

# Upcoming Issues and Topics

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- ❖ Update SASMC Charter by 9/30/14
- ❖ Continue addressing issues related to planning special account funds in SEMS
  - ❖ FY 2015 special account work planning
- ❖ FY 2015 review of special accounts for OSRTI's FMFIA requirements
- ❖ Begin to update the 2002 Special Account Consolidated Guidance
- ❖ Scope development of a SharePoint site for special accounts



# Review Action Items and Next Steps

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